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~~TOP SECRET~~**GENERAL****1. The Viet Minh threat to the Tonkin delta:**

During the past week, an increasing number of military and diplomatic officials, both American and French, have become convinced that the Viet Minh's rapid redeployment since the fall of Dien Bien Phu warrants expectation of a large-scale attack on the Tonkin delta, possibly as early as mid-June (see map, p. 4).

Four of the five Viet Minh divisions which participated in the fighting at Dien Bien Phu have already reached assembly points around the French perimeter or are rapidly approaching them. Other possible indications of a Viet Minh campaign plan are: (a) the training of a large number of recruits to fill out the depleted divisions;

tinued augmentation of the enemy's heavy weapons supplied from China;

General Cogy, French commander in Tonkin, told the American army attaché recently he expects a full-scale attack between 15 and 20 June. Cogy is reported pessimistic over the chances of holding Hanoi and fears the Viet Minh will concentrate on cutting the Hanoi-Haiphong lines of communication. The city of Hanoi is low on rice stocks and must depend on daily supplies of coal to operate its electric power and water purification plants, according to information received by the American chargé in Saigon. If these supplies were interrupted, the city's early collapse could be expected.

The American army attaché estimated on 3 June that the Viet Minh will be ready to attack the delta by 20 June and that it firmly intends to do so. He reports that only General Navarre, among the leading military figures in Indochina, is not expecting an attack during this operational season.

The attaché further believes that French-Vietnamese forces cannot hold off a major attack for more than 30 days and that a general French withdrawal to a 15-mile radius bridgehead around Haiphong is being planned. In his opinion, French forces could hold this bridgehead indefinitely.

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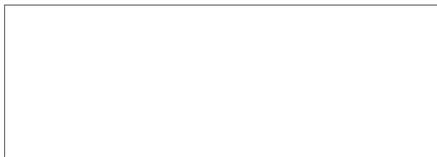
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FAR EAST

2. Nanning airfield not expanded for military use:

Comment: While recent photography of the Nanning area reveals extensive construction of military installations and storage facilities there, an absence of tactical aircraft and the poor condition of the airfield suggest that this build-up does not involve air facilities.

AUSTRALIA - NEW ZEALAND

3. Australian prime minister sees "time running against us" in Southeast Asia:

Prime Minister Menzies observed to the American embassy in Canberra on 2 June regarding Southeast Asia that "time is running against us." He said a cabinet session on 4 June would deal exclusively with problems connected with that area, and he contemplated sending his external affairs minister, Richard Casey, back to Geneva immediately.

The embassy recalls that Menzies has expressed his personal "unalterable opposition" to an Indochina solution based on partition and comments that his increased participation in Commonwealth leadership would have great usefulness, both in the maintenance of a firm position and in influencing the South Asian powers which took part in the Colombo conference.

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Comment: Prior to the elections of 29 May, the Menzies government was hindered by the uncertainty of its tenure and the demands of the election campaign from exercising its normal role in Commonwealth planning regarding the Geneva conference. With its return to office, the government feels secure for another three years despite a reduced parliamentary majority.

SOUTH ASIA

4. Indian agitators may infiltrate East Pakistan:



Prime Minister Mohammed Ali told the American embassy on 2 June that the Pakistani government has information that Indian arms and agitators will be sent into East Bengal if disturbances there recur.

Ali said that the government's action instituting governor's rule in East Bengal has made its attitude on Communism unmistakably clear. He predicted redoubled efforts by the enemies of Pakistan. Ali added that no disturbances had occurred since the imposition of governor's rule in the province.

Comment: New Delhi and the Communist Party of India probably would attempt to take advantage of any renewed violence in East Bengal. This is the first report, however, suggesting that India might send arms and agitators into Pakistan.

NEAR EAST - AFRICA

5. Saudi Arabia may terminate Point IV program:



Crown Prince Faisal of Saudi Arabia told Ambassador Wadsworth on 1 June that the Council of Ministers had decided to terminate Point IV activities in Saudi Arabia and had forwarded this decision to the king for signature. Faisal, in the course

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of the four-hour interview, stated sarcastically that since Saudi Arabia had failed to obtain American support in its territorial dispute with Britain, it "would no longer trouble the United States government with its small problems" but would handle them itself.

Comment: The council's repudiation of Point IV is the latest in a series of anti-American moves which began with the rejection of military grant aid in January. It reflects the rising influence of Saud's nationalist anti-American advisers who are also council members. While the king might veto his ministers' recommendation, such action is not indicated by his increasingly critical attitude toward the United States.

WESTERN EUROPE

6. Pro-EDC forces press for early debate in French assembly:

Five outstanding French political leaders agree that France must act quickly on EDC, according to Jean Monnet, president of the European Coal-Steel Community. The five are Vice Premier Teitgen, Popular Republican; Defense Minister Pleven of the Resistance Union; Radical Socialist ex-premier Mayer; Independent ex-premier Pinay, and Socialist leader Mollet. Monnet also told Ambassador

Bruce on 2 June that French president Coty believes the government should act right after next week's Indochina debate, but that Premier Laniel seems uncertain.

Teitgen told Ambassador Dillon on 1 June that the EDC debate must start no later than 25 June, or his Popular Republican Party will withdraw from the government and force new elections. Teitgen is pressing Laniel to sign a Saar agreement with West German chancellor Adenauer before 9 June. He is not unduly worried that the government will fall as a result of the Indochina debate.

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Comment: Mayer told Bruce on 1 June that after the National Assembly's Foreign Affairs Committee considers the Saar agreement next week, he will demand that Laniel act on EDC or resign.

The Foreign Affairs Committee vote on the EDC treaty, expected on 9 June, will indicate the extent to which anti-EDC Socialists will be governed by their party directive to support the treaty.

LATIN AMERICA

7. Peron believes OAS meeting should not be limited to Guatemalan situation:

[redacted] Argentine president Peron told Ambassador Nufer on 1 June that an Organization of American States meeting on Communist penetration in the entire hemisphere would be preferable to one on the Guatemalan situation alone. He said care would be necessary to prevent the "impulsiveness and irresponsibility" of some Latin American governments from turning an OAS meeting into "open intervention in Guatemalan affairs."

Though Peron agreed to support convocation of a meeting on Guatemala alone, Nufer believes that in view of Argentina's sensitivity on "intervention," the United States cannot yet count definitely on Buenos Aires for support of "adequate" action limited to Guatemala.

Comment: Sentiment for an OAS meeting on Guatemala continues strong in Central America, the Caribbean, and in Colombia and Peru. No comparable support has been observed elsewhere, however. Resistance to such a meeting still appears high in Venezuela

[redacted] Brazil has promised to seek support for a meeting from Chile, Uruguay, Paraguay and Bolivia, but the results of any such action are not known. [redacted]

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